

**EAST ST. TAMMANY MENTAL HEALTH ASSOCIATION, INC.
d/b/a MENTAL HEALTH ASSOCIATION OF ST. TAMMANY**

REPORT OF THE AUDIT OF THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/2/11

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FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
East St. Tammany Mental Health Association, Inc.
d/b/a Mental Health Association of St. Tammany
Mandeville, LA 70471

I have audited the accompanying statement of financial position of East St. Tammany Mental Health Association, Inc., (a nonprofit organization), d/b/a Mental Health Association of St. Tammany as of June 30, 2010, and the related statements of activities, functional expenses and cash flows for the fiscal year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East St. Tammany Mental Health Association, Inc. d/b/a Mental Health Association of St. Tammany as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 24, 2010 on my consideration of East St. Tammany Mental Health Association, Inc. d/b/a Mental Health Association's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

A handwritten signature in cursive script that reads "Delphine A. Cuppay, CPA". The signature is written in black ink and is positioned above the printed name and title.

Delphine A. Cuppay, CPA
Lacombe, Louisiana

December 24, 2010

**EAST ST. TAMMANY MENTAL HEALTH ASSOCIATION, INC.
d/b/a MENTAL HEALTH ASSOCIATION OF ST. TAMMANY
STATEMENT OF FINANCIAL POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

ASSETS

Current Assets:

Cash and cash equivalents	\$ 47,272
Accounts receivable (Note 3)	12,314

Total current assets	<u>59,586</u>
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Property and Equipment (Note 4)

Furniture and equipment (Net of accumulated depreciation of \$13,492)	11,267
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TOTAL ASSETS	\$ <u>70,853</u>
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LIABILITIES AND NET ASSETS

Liabilities:

Current Liabilities:

Accounts payable	\$ 611
Payroll taxes payable	839

Total current liabilities/Total liabilities	<u>1,450</u>
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Net Assets:

Unrestricted/Undesignated	<u>69,403</u>
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TOTAL LIABILITIES AND NET ASSETS	\$ <u>70,853</u>
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See accompanying notes and accountant's report.

EAST ST. TAMMANY MENTAL HEALTH ASSOCIATION, INC.
d/b/a MENTAL HEALTH ASSOCIATION OF ST. TAMMANY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

UNRESTRICTED NET ASSETS:

Revenue and support:	
Service fees	5,977
Sunshine House clubhouse dues	2,494
Contributions	8,076
Fundraisers and special events	36,843
Donated facilities	7,350
Gain on sale of asset	2,796
Net assets released from restrictions	120,382
	<hr/>
TOTAL UNRESTRICTED REVENUE AND SUPPORT	183,918

EXPENSES:

Program services	162,341
Supporting services:	
Management and general	19,827
Grant expenses	6,433
Fundraising expenses	17,757
	<hr/>
Total expenses	206,358
	<hr/>
DECREASE IN UNRESTRICTED NET ASSETS	(22,440)

TEMPORARILY RESTRICTED NET ASSETS:

State Grants - funding for current year	120,000
Interest income	382
Net assets released from restrictions	(120,382)
	<hr/>
INCREASE/DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	0

DECREASE IN NET ASSETS	(22,440)
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NET ASSETS AT BEGINNING OF YEAR	91,843
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NET ASSETS AT END OF YEAR	\$ 69,403
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See accompanying notes and accountant's report.

**EAST ST. TAMMANY MENTAL HEALTH ASSOCIATION, INC.
d/b/a MENTAL HEALTH ASSOCIATION OF ST. TAMMANY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

CASH FLOWS FROM OPERATING ACTIVITIES:

Decrease in net assets \$ (22,440)

Adjustments to reconcile increase (decrease)
in net assets to net cash provided by
operating activities:

Depreciation expense 8,179

(Increase) Decrease in operating assets:

Accounts receivable grants and contracts 2,827

Prepaid expenses (2,713)

Increase (Decrease) in operating liabilities:

Accounts payable (94)

Payroll taxes payable 3,788

NET CASH PROVIDED BY OPERATING ACTIVITIES (10,453)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of equipment 5,000

Withdrawals from investment securities 28,921

NET CASH PROVIDED BY INVESTING ACTIVITIES 33,921

**NET INCREASE (DECREASE) IN CASH AND
CASH EQUIVALENTS**

\$ 23,468

BEGINNING CASH AND CASH EQUIVALENTS

23,804

NET CASH AND CASH EQUIVALENTS

\$ 47,272
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See accompanying notes and accountant's report.

EAST ST. TAMMANY MENTAL HEALTH ASSOCIATION, INC.
d/b/a MENTAL HEALTH ASSOCIATION OF ST. TAMMANY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Program</u>	<u>Managment</u>	<u>Grant</u>	<u>Fund-</u>	
	<u>Services</u>	<u>& General</u>	<u>Expenses</u>	<u>raising</u>	<u>Total</u>
Compensation and related expenses					
Compensation:					
Executive Director	\$ 16,859	8,380	5,917	2,367	\$ 33,523
Admin. Asst/Bookkeeper	8,123	2,708			10,831
Family Theerapy Clinic:					
Clinical Director	19,525				19,525
Counselor/Case Mgmt	10,710				10,710
Sunshine House Program:					
S. H. Coordinator	20,034	2,764			22,798
Transportation Driver	<u>9,628</u>				<u>9,628</u>
Total compensation	84,879	<u>13,852</u>	<u>5,917</u>	<u>2,367</u>	107,015
Related benefits:					
Payroll taxes	<u>6,799</u>	<u>1,119</u>	<u>516</u>	<u>172</u>	<u>8,606</u>
Total compensation and related expenses	91,678	14,971	6,433	2,539	115,621
Accounting	3,662	1,850			5,512
Advertising	525				525
Bank charges		224			224
Depreciation expense	8,179				8,179
Donation to other nonprofits		62			62
Dues & subscriptions		547			547
Equipment rental expense	3,789				3,789
Family Therapy Clinic exp.	75				75
Fundraising expenses				15,218	15,218
Grant expenses					0
Insurance expense	21,462	2,103			23,565
Interest expense		20			20
License and permits		50			50
Maintenance and repairs	1,954				1,954
Meetings, seminar&conver	476				476
Miscellaneous expense					0
Office supplies	1,570				1,570
Postage and delivery	62				62
Rent expense	14,000				14,000
Sunshine House client service expenses:					
Craft supplies	353				353
Food expense	4,189				4,189
Member outings	355				355
Telephone & Internet exp	2,284				2,284
Travel & transport exp.	<u>7,728</u>				<u>7,728</u>
TOTALS	\$ <u>162,341</u>	<u>19,827</u>	<u>6,433</u>	<u>17,757</u>	\$ <u>206,358</u>

See accompanying notes and accountant's report.

**EAST ST. TAMMANY MENTAL HEALTH ASSOCIATION, INC.
d/b/a MENTAL HEALTH ASSOCIATION OF ST. TAMMANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 - ORGANIZATION & SIGNIFICANT ACCOUNTING POLICIES

A. Organization

(1) The Organization

East St. Tammany Mental Health Association, Inc., (ESTMHA), was incorporated in July 1985 as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code to provide public education about mental illness and quality of life enrichment, structure and support for the mentally ill in the East St. Tammany Parish area and operated a day program for adults with persistent mental and emotional conditions known as Sunshine House located in Slidell, Louisiana. After Hurricane Katrina, it became apparent that there was a significant increase in individuals in need of mental health. It was then that ESTMHA realized that it could no longer serve only East St. Tammany or only those with severe mental illness. Many individuals parish-wide needed assistance coping with stress, grief, depression and loss after Hurricane Katrina. The ESTMHA Board of Directors decided to change its mission focus to one that would connect consumers in need with providers of mental health services throughout St. Tammany Parish. The organization adopted a new name for its current major program, a name that would better describe the level of services rendered and the population it would serve - Mental Health Association of St. Tammany. The Organization's focus became the promotion of mental health and emotional wellness.

Because of the change in focus with regard to mental health services for the whole St. Tammany Parish community, eventually the Organization became known to the general public by the name of its new major program, Mental Health Association of St. Tammany. So much so, that the Board of Directors have now resolved that it is in the best interest of the Organization to issue their financial statements and annual reports in the name of East St. Tammany Mental Health Association, Inc. d/b/a Mental Health Association of St. Tammany (ESTMHA d/b/a MHA) so that the St. Tammany Parish community would be better able to recognize the Organization's legal name as well as its program name.

East St. Tammany Mental Health Association, Inc. d/b/a Mental Health Association of St. Tammany (ESTMHA d/b/a MHA) was located at 2237 First Street, Slidell, LA 70458 until December 2009, at which time the Organization opened two operational offices - one in Slidell located at 1290 Seventh Street, Slidell, LA 70458 which is by appointment only and the other one at 1427 W. Causeway Approach, Mandeville, LA 70471. Both offices are open from 9:00 A.M. to 5:00 P.M. Monday through Friday, except holidays.

(2) The Nature of Program Services

ESTMHA d/b/a MHA operates a day program, known as Sunshine House, for adults with persistent mental and emotional conditions and until recently it was located in the recreation room at Sunshine Village, 2600 Mary Street, Slidell, LA 70458. Shortly after fiscal year ended June 30, 2010, the Sunshine House program moved to its current location in the rear complex of The Village Church, 29180 Highway 190, Lacombe, LA 70445.

Hours of operation are from 9:30 AM to 2:00 PM Monday through Thursday, except holidays. It provides a caring and healing environment which provides supervision and support and/or encouragement to be responsible about their illness and participate in socialization, in life skills education, in goal setting and in creative expression activities. Transportation is provided for those who need it and snacks and lunch are also provided.

Following Hurricane Katrina, many local mental health providers and agencies closed or reduced their operations. In January 2009 ESTMHA d/b/a MHASt organized The Family Therapy Clinic to fill an obvious gap in services. The clinic services are available immediately, are conducted by licensed clinicians and are affordable for those with limited financial resources. Our clinicians will provide a free initial needs assessment, then make referrals or schedule follow up appointments accordingly. Fees are based upon the client's resources and circumstances. All inquiries and appointments are handled confidentially.

In association with other nonprofit groups and with private, civic and local government agencies, the Organization presents quarterly education events. It collaborates with others in conducting health fairs, speaks to service and civic organizations, sponsors professional forums on mental health and wellness topics and works diligently creating and sustaining its role in an interactive network of agencies and organizations in which it advocates its clients' needs. The Organization is dedicated to educating those in public office about the services needed and the public in general by speaking out about an issue that is all too often forgotten or ignored.

(3) Economic Dependence

ESTMHA d/b/a MHASt is significantly funded by the State of Louisiana, Department of Health and Hospitals. Should the Department of Health and Hospitals cut its funding or disallow items, ESTMHA d/b/a MHASt may be required to reduce its services.

B. Significant Accounting Policies

(1) Financial Statement Presentation

Basis of Presentation - The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards FASB ASC 958-205 (formerly SFAS No. 117), *Presentation of Financial Statements of Not-For-Profit Organizations*. Under Topic 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Unrestricted net assets represent those assets which the organization may use at its discretion.

Temporarily restricted net assets result from contributions and other inflows of assets whose use by the organization is limited by donor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations.

Permanently restricted net assets result from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization.

Net assets of the two restricted classes are created only by donor imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted and are reported as part of the unrestricted class.

The Organization does not have any temporarily restricted net assets or permanently restricted net assets for fiscal year ended June 30, 2010.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-stipulated restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

New Accounting Pronouncements - In June 2009, the *Financial Accounting Standards Board* ("FASB") issued FASB ASC 105, *Generally Accepted Accounting Principles*, which establishes the FASB Accounting Standards Codification (FASB ASC), as the sole source of authoritative general accepted accounting principles. Pursuant to the provision of Topic 105, the Organization has updated references to GAAP in its financial statements issued for the year ended June 30, 2010. The adoption of Topic 105 did not impact the Organization's financial statements.

FASB ASC 740-10 (formerly FASB Interpretation No. 48) *Accounting for Uncertain Tax Positions*, provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. Effective July 1, 2009 East St. Tammany Mental Health Association, Inc. d/b/a Mental Health Association of St. Tammany adopted the disclosure requirements of this standard. The adoption of the disclosure requirements of this standard had no material effect on the Organization's financial statements. Tax years ended June 30, 2007 and later remain subject to examination by the taxing authorities.

(2) Contributions

East St. Tammany Mental Health Association, Inc. d/b/a Mental Health Association of St. Tammany has adopted FASB ASC 958-605-20 (formerly SFAS No. 116), *Accounting for Contributions Received and Contributions Made*. In accordance with FASB ASC 958-605-20, contributions are recognized when the donor makes a promise to give and are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

ESTMHA d/b/a MHASt reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a do-

nor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The organization reports contributions of assets other than cash at their estimated fair value at the date of the gift and are reported as revenues of the unrestricted net asset class unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as revenues of the temporarily restricted or permanently restricted net asset classes. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a qualifying expenditure occurs or a time restriction expires, temporarily restricted assets are recognized in unrestricted net assets as "net assets released from restrictions" in the statement of activities. However, if a restriction is fulfilled in the same period in which the contribution is received, the contribution is reported as an unrestricted contribution.

(3) Receivables

The Organization considers accounts receivable to be fully collectible since the major portion of the balance consist of payments due under governmental contracts and a small amount of service fees receivable is included for fees charged to clients based on client's resources and circumstances. If amounts due become uncollectible, they will be charged to operations when that determination is made.

(4) Property and Equipment

Major renovations and major repairs and equipment are stated at cost at the date of acquisition or renovation, or, if donated, at estimated fair value at date of donation. Minor renovations or repairs are charged to operations and maintenance as incurred. Depreciation and amortization, if applicable, are provided over the estimated useful lives of the respective assets on a straight-line basis.

(5) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and revenues and expenses recognized during the reported period. Actual results could differ from those estimates. Changes in prior year estimates are accounted for within the statement of changes in net assets in the current year.

(6) Cash and Cash Equivalents and Credit Risk

For the purpose of the statement of cash flows, the Organization considers highly liquid investments purchased with a maturity of three months or less, other than those designated for future activities, to be cash equivalents. The Organization is subject to some credit risk through short term cash investments which includes bank depository account balances. These funds are insured by the Federal Deposit Insurance Corporation (FDIC) and the amounts held at each bank do not exceed the insured limit for deposited funds, therefore Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

(7) Fair Value of Financial Instruments

The carrying value of receivables, accounts payable and accrued expenses approximates fair value due to the short-term maturity of these instruments. None of the financial instruments are held for trading purposes.

(8) Functional Allocation of Expenses

The cost of providing the program and administering the related supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain expenses that benefit both program and supporting services have been allocated using management's estimates.

East St. Tammany Mental Health Association, Inc.. d/b/a Mental Health Association of St. Tammany's fundraising activities in many cases include purposes or contents related to a program service. FASB ASC 958-720, (formerly American Institute of Certified Public Accountants Statement of Position 98-2), states that joint costs of informational materials or activities should be allocated between fundraising and the appropriate program or general function if it can be demonstrated that a program or general function has been performed in conjunction with the appeal for funds. Although the Organization has the ability to give evidence for such combined activities, it does not allocate those portions from its fundraising activities to program services.

(9) Donated Materials and Services

The Organization records the value of donated goods and services received when there is an objective basis available to measure their value. Donated furniture and fixtures and leasehold improvements, if applicable, are reflected as contributions in the accompanying statements at their estimated values at date of receipt. No amounts have been reflected in the statements for donated food, clothing or services as no objective basis is available to measure the value of such goods or services.

(10) Income Taxes

East St. Tammany Mental Health Association, Inc. has received a determination letter from the Internal Revenue Service (IRS) indicating that it is a tax-exempt organization as provided for in Section 501(c)(3) of the Internal Revenue Code, except for taxes pertaining to unrelated business income, and is exempt from Federal and state income taxes. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

No provision has been made for income taxes in the accompanying financial statements since the Organization does not have a significant amount of unrelated business income for fiscal year ended June 30, 2010.

(11) Board Compensation

The Board of Directors of the Organization is a voluntary board and therefore, no compensation was paid to any board member during the year ended June 30, 2010.

(12) Operations

Support was received from the State of Louisiana, Department of Health and Hospitals by means of a cost reimbursement grant whereby expenses in connection with Sunshine House would be reimbursed upon presentation of expenses incurred.

The Organization also operates The Family Therapy Clinic which provides mental health services throughout St. Tammany Parish for all members of the St. Tammany Parish community by offering free needs assessments, referrals and short-term follow-up services supported by fees based on the client's resources and circumstances.

(13) Total Columns

Total columns are presented to facilitate financial analysis. Data in these columns do not present financial position, results of activities and changes in net assets in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation.

NOTE 2 - GRANTS FROM GOVERNMENTAL AGENCIES

Included in the grants from governmental agencies is state funds received under a cost reimbursement contract with the State of Louisiana, Department of Health and Hospitals for the time period of July 1, 2009 through June 30, 2010 in the amount of \$120,000.

NOTE 3 - ACCOUNTS RECEIVABLE

The accounts receivable are due from various grantors and client service fees listed below for services provided through June 30, 2010. All receivables are expected to be received in a timely manner. The accounts receivable balance consist of the following:

Louisiana Department of Health and Hospitals	\$11,129
Various client service fees receivable	<u>1,185</u>
Total Accounts Receivable	\$12,314

NOTE 4 - PROPERTY AND EQUIPMENT

Depreciation is calculated using the straight line method over a useful life of five years. Furniture, fixtures and equipment consist of the following:

	Costs as of <u>06/30/09</u>	<u>Additions</u>	<u>Dispositions</u>	Costs as of <u>06/30/10</u>
Property & Equipment				
Dodge Mini Van	\$ 17,513	\$ --	\$ 17,513	\$ 0
Ford Van	17,795	--	--	17,795
Furniture & equipment	6,964	--	--	6,964
TOTALS	\$ 42,272	\$ --	\$ 17,513	\$ 24,759

	Accum. Depre. as of <u>06/30/09</u>	Depre. <u>Expense</u>	Accum. Depre./ Write offs in connection with <u>Dispositions</u>	Accum. Depre. as of <u>06/30/10</u>
Property & Equipment				
Dodge Mini Van	\$ 12,681	\$ 2,627	\$ 15,308	\$ 0
Ford Van	4,745	3,559	--	8,304
Furniture & equipment	3,195	1,993	--	5,188
TOTALS	\$ 20,621	\$ 8,179	\$ 15,308	\$ 13,492

Costs of Property & Equipment as of 06/30/2010	\$ 24,759
Less Accumulated Depreciation	<u>13,492</u>
Total Net Book Value as of 06/30/2010	\$ 11,267

NOTE 5 - ACCRUED EMPLOYEE BENEFITS

No amount has been reflected in the financial statements for accrued compensated absences as the amount cannot be reasonably estimated.

NOTE 6 - ADVERTISING COSTS

There were advertising costs incurred in the amount of \$525 during fiscal year ended June 30, 2010 for promotional literature to educate the public about mental illness and the resources available for those suffering from mental illness and their families.

NOTE 7 - FUNDRAISERS

During fiscal year ended June 30, 2008, an on-going fundraiser was established at Camellia City Farmer's Market located at Griffith Park on Erlanger Street, Slidell, LA. After constructing a booth in the Farmer's Market location, ESTMHA d/b/a MHASt began selling fresh homemade bakery items and peach tea every Saturday from 8:00 A.M. to 12:00 P.M. Volunteers donated the ingredients and their time making these fresh homemade bakery items each week. This on-going fundraiser grossed \$14,239 and incurred \$1,888 in fundraising expenses for total net proceeds of \$12,351 for this on-going fundraiser for fiscal year ended June 30, 2010.

Also, the Organization held its annual fundraiser known as Katrina Comic Relief and generated cash donations in the amount of \$15,526 and incurred expenses in the amount of \$9,534 for total net proceeds of \$5,992.

ESTMHA, Inc. d/b/a MHASt also participated in several community events, which events grossed \$7,078 and incurred \$3,796 in expenses for net proceeds of \$3,282, all of which helped the community to become better acquainted with the East St. Tammany Mental Health Association, Inc. d/b/a Mental Health Association of St. Tammany.

All net proceeds from these various fundraisers were used at East St. Tammany Mental Health Association, Inc.'s discretion during fiscal year ended June 30, 2010.

NOTE 8 - RENT EXPENSE/DONATED FACILITIES EXPENSE

Rent was paid for the Sunshine House program location at 2700 Mary Street, Slidell, LA on a month to month basis and amounted to \$4,500 for the year.

The Organization rented office space at 2237 First Street, Slidell, Louisiana on a month to month basis until November 30, 2009 which rent amounted to \$2,500 for the year.

In December 2009, the Organization decided to have an office of operations on both sides of St. Tammany Parish, both offices being donated to the Organization until further notice, therefore donated rent for the Slidell operations office was \$2,800 and donated rent for the Covington office was \$4,200 for a total of donated rent in the amount of \$7,000 for the fiscal year ended June 30, 2010.

Total rent expense was \$14,000 for the fiscal year ended June 30, 2010.

NOTE 9 - SUBSEQUENT EVENTS - GOING CONCERN CONSIDERATIONS

East St. Tammany Mental Health Assn., Inc., (ESTMHA), has been in existence since 1985 as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code serving the needs of the mentally ill in St. Tammany Parish, Louisiana.

The Organization was hard hit by Hurricane Katrina in August 2005 in that ESTMHA's Sunshine House facility experienced hurricane force winds and sustained major flooding which lasted several days. All furnishings and equipment in the facility were unsalvageable. The transportation vehicles parked outside the facility's location were also a total loss. After the storm, the main focus was on outreach services. There was such a need in the entire St. Tammany Parish area that ESTMHA not only serviced people in the east part of the parish but people throughout St. Tammany Parish. In order to help people locate the help they needed for their mentally ill family members, East St. Tammany Mental Health Association, Inc. began operating under the "d/b/a" of Mental Health Association of St. Tammany and has been doing so ever since. By June 30, 2006, the Organization found a new location for its Sunshine House program which was funded by a grant from the Louisiana Department of Health and Hospitals and bought a van to provide transportation for its Sunshine House participants to and from their homes each day. By fiscal year ended June 30, 2007, the Organization established a small office location at 2237 First Street, Slidell, LA 70458 as a place to meet prospective clients, service providers and the general public. The Organization established The Family Therapy Clinic in January 2008 which provides mental health services throughout St. Tammany Parish for all members of the St. Tammany Parish community by providing free assessments, referrals and short-term follow-up services. All was going well until the current recession hit.

Shortly after fiscal year ended June 30, 2010, the Organization was notified that its grant

contract from the Louisiana Department of Health and Hospitals would not be renewed this year because of State budget cuts. Since the Organization has been significantly funded by means of this annual grant and its loss could mean dire consequences for the Organization, the Board of Directors immediately began developing Management's plans that were intended to mitigate the effect of the loss of income:

First, it cut its expenses:

(1) The Executive Director's position has been virtually eliminated in that the responsibilities of that position have been reassigned to various individuals of the Organization. The Chairman of the Board and the Vice-Chairman have voluntarily divided management responsibilities between themselves. Grant writing activities have been voluntarily assumed by a Board Member who has some grant writing experience. Fundraising activities have been voluntarily assumed by various board members with the help of many volunteers from the community.

(2) The Sunshine House Coordinator is familiar with bookkeeping and recordkeeping, therefore that position has been expanded to include those functions thereby eliminating the Administrative Assistant/Bookkeeper position.

(3) As these organizational changes were taking place, eventually the two licensed therapists on staff resigned their positions and the Organization was fortunate to find two licensed therapists who were willing to volunteer their time providing Family Therapy Clinic services to the Organization's clients.

(4) The Sunshine House Coordinator, with the help of the Resource Development Director who doubles as transportation van driver, operate the Sunshine House program with the help of volunteers in the community. The above actions will save the Organization considerable salary expenses and operations have become more stream-lined with the Board of Directors voluntarily taking on more responsibility for the management and general operations of the Organization's programs.

(5) The Organization moved its Sunshine House program from its Mary Street, Slidell location to a less expensive facility located in the rear complex of The Village Church, 29180 Highway 190, Lacombe, LA 70445. This move makes the Sunshine House Program more centrally located for the entire St. Tammany Parish community, and it is hoped that some of the families of Sunshine House participants will be better able to transport them to our facility in the morning and/or pick them up in the afternoon thereby eliminating some of the Organization's transportation costs as well as reduce facility rent expense.

(6) A moratorium has been placed on all unnecessary spending until further notice.

Second, it immediately began an intensive program of procuring other sources of funding consisting of the following:

(1) The Organization is pursuing other grant contracts to fund the Sunshine House program, The Family Therapy Clinic, its community education services and client advocacy services through the efforts of an experienced grant writer who has volunteered her time to help the Board Members who have volunteered for the assignment of writing various grant proposals with the hope of being awarded another grant contract from a

Federal, State or local government agency or donor contracts with philanthropic foundations or donor grants from area businesses.

(2) In times past, Sunshine House program participant dues have been set at very low fee. An increase in dues is being considered so that families of the Sunshine House program participants who can afford to pay the entire monthly dues, will do so; and for those who cannot, dues will be based upon client's resources and circumstances.

(3) A campaign to reduce food costs in providing lunch and snacks for Sunshine House program participants four days a week has resulted in three area fast-food establishments donating lunch for a specific day of the week on an on-going basis. Eventually, the Organization hopes to find another lunch donor for the fourth day. In the meantime, an organization that operates a local "soup kitchen" in Slidell has invited Sunshine House participants to eat lunch with them, if necessary.

(4) In times past, the Organization has received several large donations from local patrons and businesses in the area. The Organization is organizing a fundraising campaign whereby board members will personally visit those patrons and businesses in an endeavor to provide extra funds to be used as needed.

(5) To better inform the public of the services ESTMHA d/b/a MHAST provides to the community, the Organization will continue to participate in several area fundraisers which, in the past, brought in some nice donations and furthered community awareness by helping to reduce the stigma associated with mental illness.

(6) The Organization plans to procure transportation for Sunshine House participants through a local transportation service which, in the long run, will reduce transportation costs, including maintenance and repairs, and the Organization's transportation van can be sold and the funds used to support the Sunshine House program.

(7) Also the Organization is providing an opportunity for businesses and members of the community to become "Friends of Mental Health" volunteers by donating their time to assist with operations and community awareness.

Third, Management's additional plans:

If all else fails, certain Board Members will make Officer loans to the Organization and/or the Organization will close one of its facilities and consolidate its operations into a facility centrally located to all its clients and, if necessary, cut some of its current services to accomplish the purpose of mitigating the effect of the loss of income.

In conclusion, Management's plan, as delineated above, greatly alleviates the possibility of a discontinuance of operations, therefore there is no need to consider the recoverability or classification of recorded assets amounts or the amounts or classification of its liabilities as stated in the financial statements included herein. It is Management's express intention to continue operations as stated above while it continues its ongoing search for new funding sources.

The Organization has accomplished much during the past few years and there is still so much work to do. East St. Tammany Mental Health Association, Inc. d/b/a Mental Health Association of St. Tammany looks forward to being involved in the St. Tammany Parish, Louisiana community for many years to come.

SPECIAL INDEPENDENT AUDITOR'S REPORTS

DELPHINE A. CUPPAY
CERTIFIED PUBLIC ACCOUNTANT
P. O. BOX 1353, LACOMBE, LA 70445-1353
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
East St. Tammany Mental Health Association, Inc.
d/b/a Mental Health Association of St. Tammany
Mandeville, LA 70471

I have audited the basic financial statements of East St. Tammany Mental Health Association, Inc., (a nonprofit organization), d/b/a Mental Health Association of St. Tammany as of and for the fiscal year ended June 30, 2010, and have issued my report thereon dated December 24, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered East St. Tammany Mental Health Association, Inc. d/b/a Mental Health Association of St. Tammany's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of East St. Tammany Mental Health Association, Inc., d/b/a Mental Health Association of St. Tammany's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of East St. Tammany Mental Health Association, Inc. d/b/a Mental Health Association of St. Tammany's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material statement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether East St. Tammany Mental Health Association, Inc., (a nonprofit organization), d/b/a Mental Health Association of St. Tammany's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors and audit committee, if applicable, others within the entity, the Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink that reads "Delphine A. Cuppay, CPA". The signature is written in a cursive, flowing style.

Delphine A. Cuppay, CPA
Slidell, Louisiana

December 24, 2010

EAST ST. TAMMANY MENTAL HEALTH ASSOCIATION, INC.
d/b/a MENTAL HEALTH ASSOCIATION OF ST. TAMMANY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Section 1 - Summary of Auditor's Reports

Financial Statements

Type of auditor's report issued: **Unqualified**

Internal control over financial reporting:

* Material weakness(es) identified? ☐ Yes ☒ **N** No

* Significant deficiency(ies) identified? ☐ Yes ☒ **N** No

Noncompliance material to financial statements noted? ☐ Yes ☒ **N** No

Federal Awards

Internal control over major programs: **NOT APPLICABLE**

* Material weakness(es) identified? ☐ Yes ☐ No

* Significant deficiency (ies) identified? ☐ Yes ☐ No

Type of auditor's report issued on compliance for major programs: **NOT APPLICABLE**

Unqualified ☐
Adverse ☐

Qualified ☐
Disclaimer ☐

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? **NOT APPLICABLE**
☐ Yes ☐ No

Identification of major programs: **NOT APPLICABLE**

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
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NOT APPLICABLE

Dollar threshold used to distinguish between Type A and Type B Programs: \$

Auditee qualified as a "low-risk" auditee? ☐ Yes ☐ No

Section II - Financial Statement Findings

THERE ARE NO FINDINGS TO REPORT

-Section III - Federal Award Findings and Questioned Costs

NOT APPLICABLE

**EAST ST. TAMMANY MENTAL HEALTH ASSOCIATION, INC.
d/b/a MENTAL HEALTH ASSOCIATION OF ST TAMMANY
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS**

NOT APPLICABLE - NO FINDINGS WERE REPORTED

**SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO
FEDERAL AWARDS**

NOT APPLICABLE - NO FINDINGS WERE REPORTED

SECTION III - MANAGEMENT LETTER

NOT APPLICABLE - NO FINDINGS WERE REPORTED

THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT